

# Value for money data: The HQN analysis

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## Introduction

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HQN's specialist [Housing Finance Network](#) has been gathering value for money (VfM) metrics data from housing associations. We've analysed data from the financial statements of 179 HAs – and the Regulator of Social Housing (RSH) figures for the previous five years.

Here, we present a quick summary of HQN's 'indicative' median VfM metrics for 2022/23, together with a set of graphs showing the main findings. Finally, HQN CEO Alistair McIntosh offers his thoughts on the 'perfect storm' the sector faces.

## The key points

- Associations are borrowing more (gearing increased from 42.9% in 2018 to 45.5% in 2023)
- Interest cover, or liquidity, is falling quickly to levels we have not seen before (205.7% in 2018 down to 130.0% in 2023)
- The cost of managing each social housing home went up by 9.2% between 2022 and 2023
- The operating margin on social housing fell by 3.3% between 2022 and 2023
- There is negligible progress on building new social homes – a mere 1.3% increase in new supply for 2023.

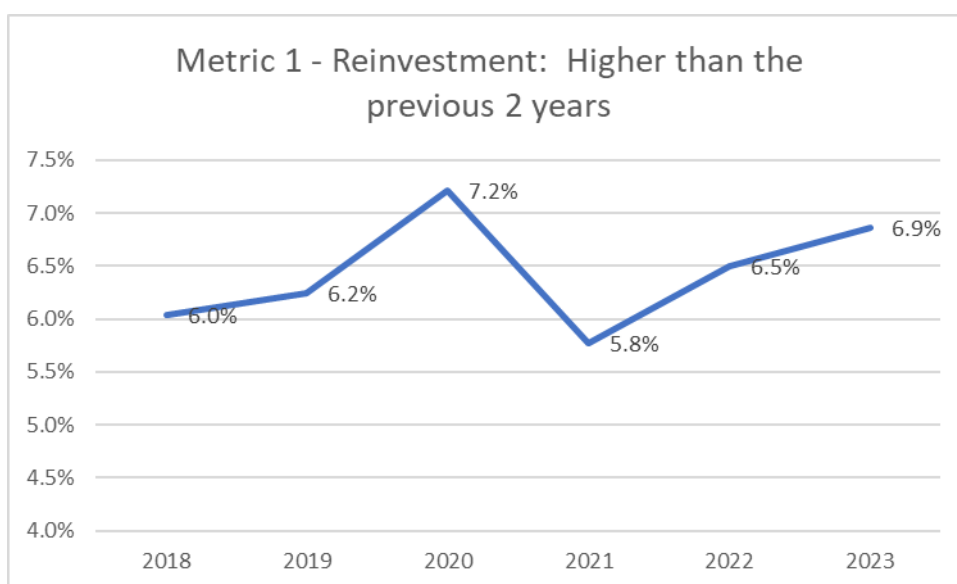
If there is another rent cap it is likely that these figures will deteriorate.

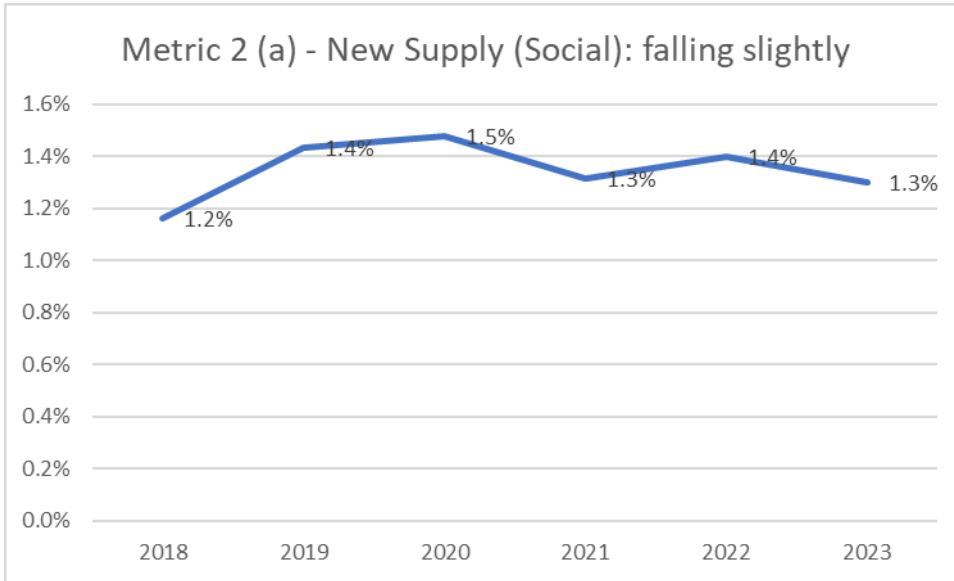
## Some issues to note about the data

Our work uses official data from RSH Global Accounts from 2018-2022, and Housing Finance Network input data from 179 sets of the 2023 accounts – out of a total that is expected to be just under 200. Many thanks to all those organisations that sent us their data.

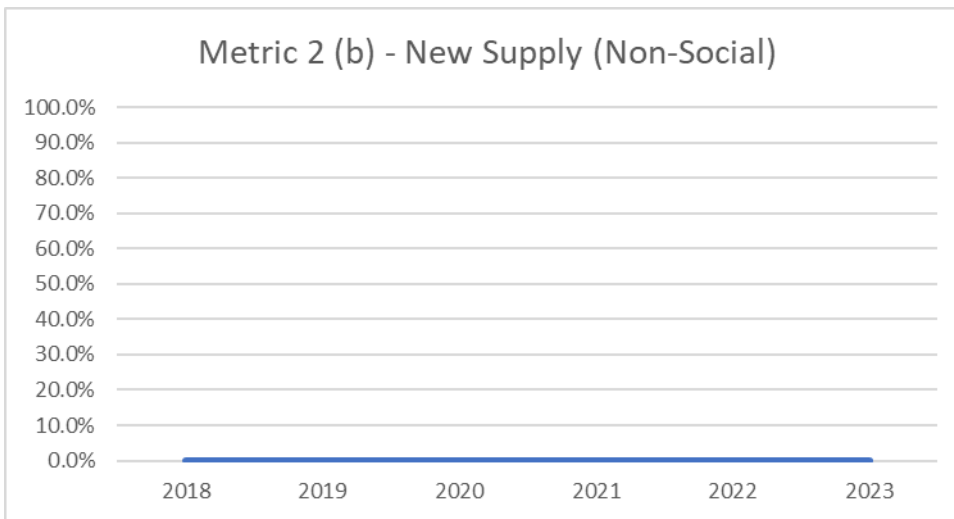
Every year the RSH checks the data returns made by associations, so some of the figures might be corrected later. It is for this reason that we say the medians we have calculated are 'indicative'.

## The findings as graphs

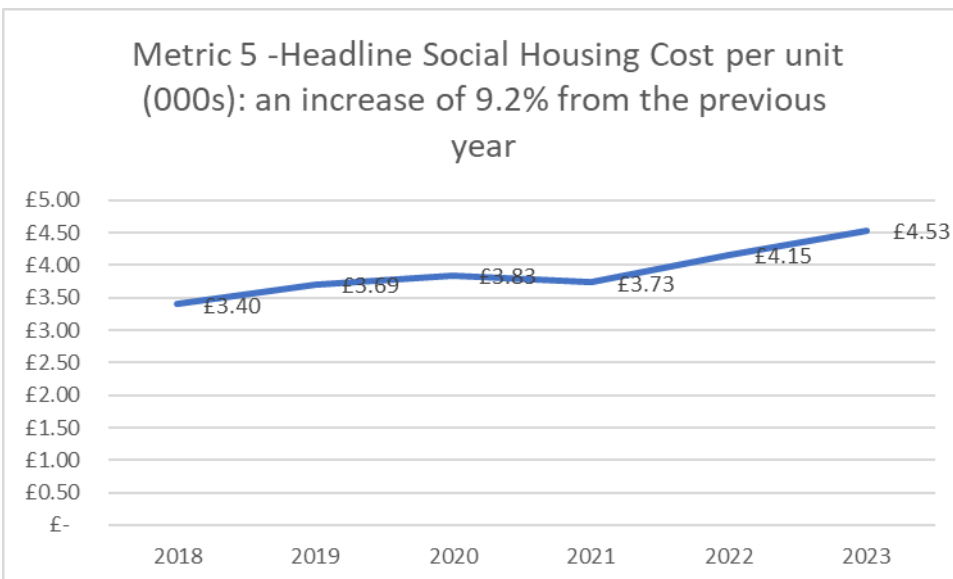
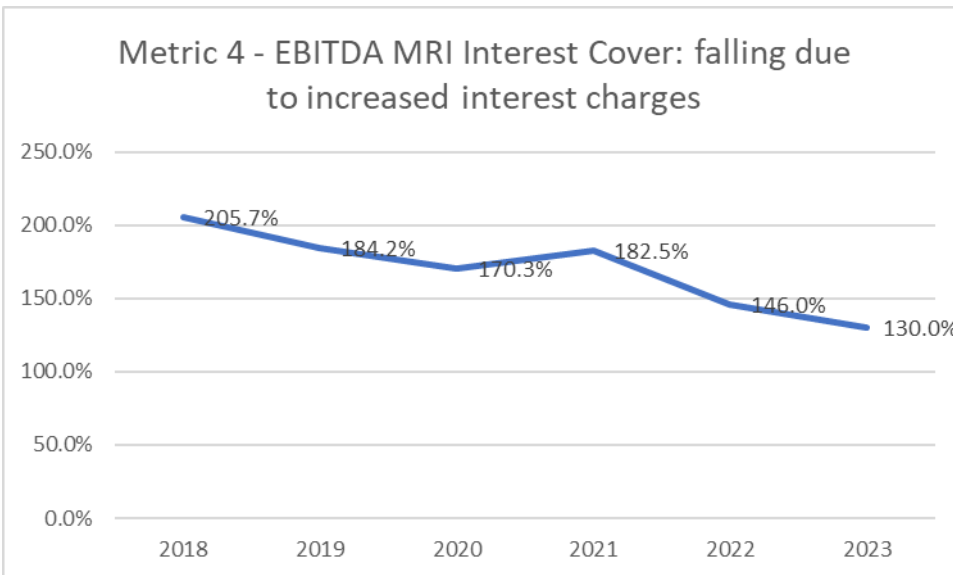
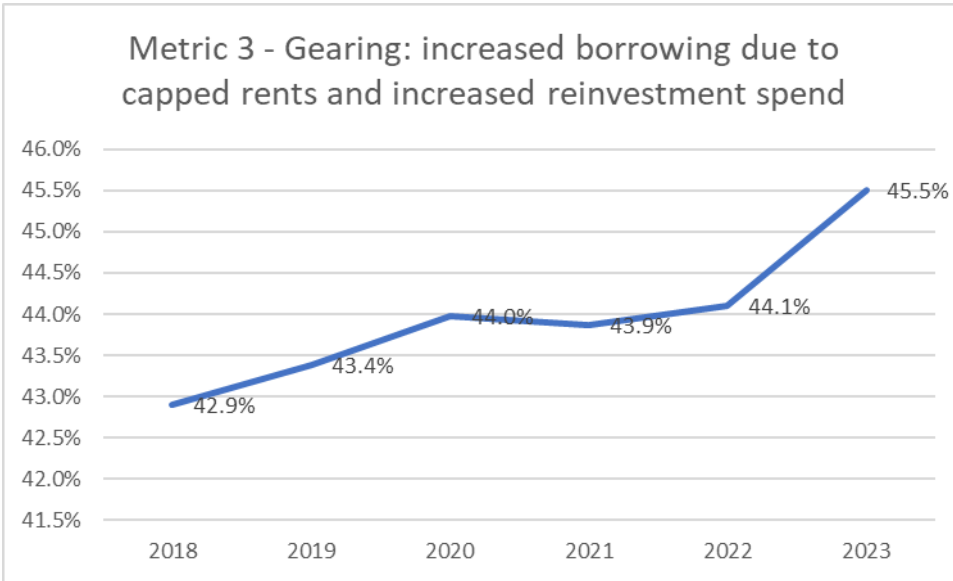


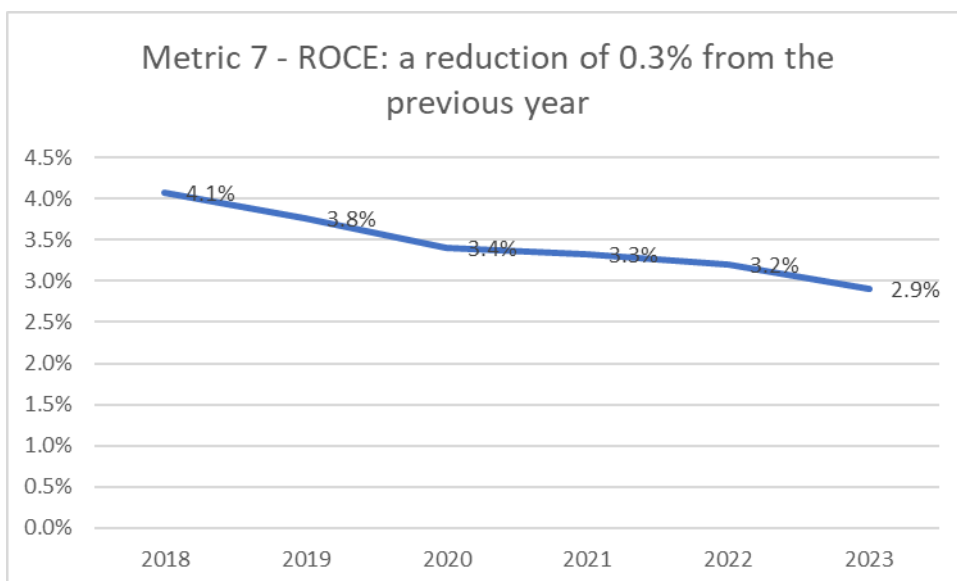
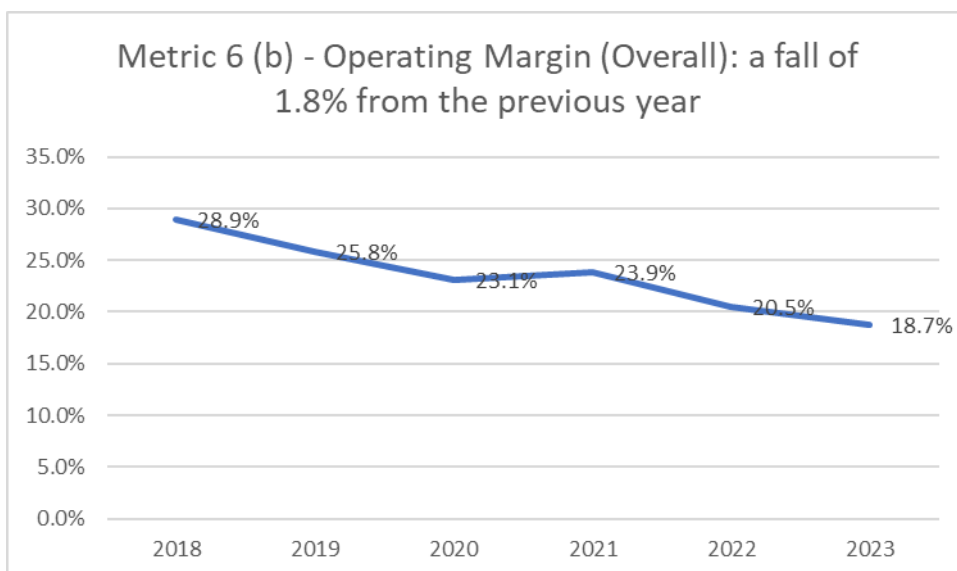
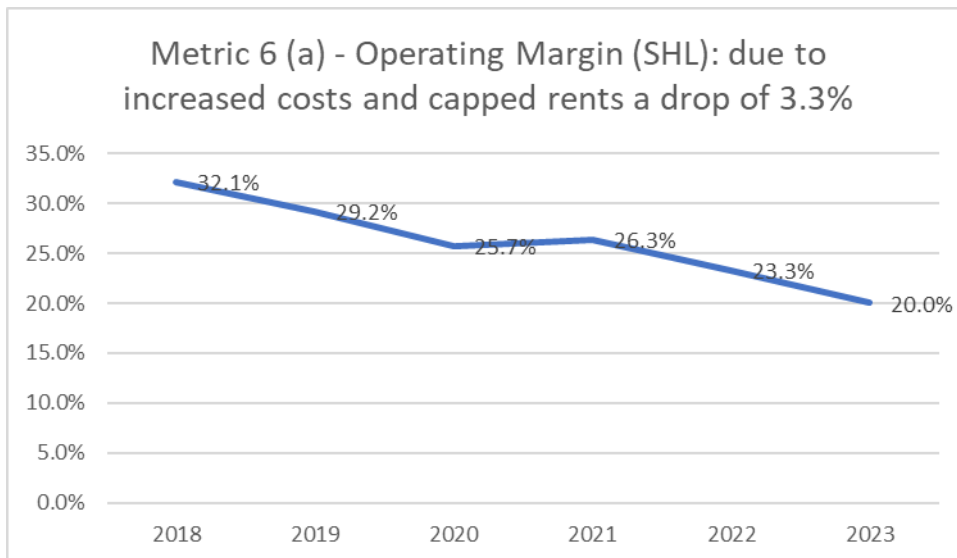


Note: This figure could be amended as more data comes in.



Note: Due to low levels of activity and many HAs not building, the median value is zero.





(ROCE: Return on capital employed)

The full dataset that we have produced is available to members of the Housing Finance Network. The Excel model will enable you to compare the strength of your finances against your peers – as you must: it is a regulatory requirement. As you would expect, there is a wide range of results with some associations returning strong numbers and, conversely, some performing a lot worse than you might think.

If you would like to join the Housing Finance Network, please contact Head of Networks and Operations Diane Wilkinson: [diane.wilkinson@hqnetwork.co.uk](mailto:diane.wilkinson@hqnetwork.co.uk) Tel 01904 557150.

## There's no magic card to play to get the sector out of this mess

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By HQN CEO Alistair McIntosh

Our survey of the finances of housing associations isn't a pretty sight. Liquidity is dropping fast while costs are rising and attempts at entrepreneurship are hitting the rocks. Commercial activity isn't the sure-fire earner that some reckoned it would be. There is no get-out-of-jail-free card.

Is this just a cycle we have to get through? Maybe not. At the exact same time as the finances of housing are tightening, social landlords must deliver much better services. That will not be cheap. New teams of investigators at the ombudsman and inspectors at the RSH have one job – and that's to make sure that media exposés of our shabby homes become a thing of the past.

The ombudsman is highly critical of standards at newly merged landlords. So, that route to saving money comes with hazards. It's certainly not an option for the fainthearted. Given the suspect track record of mergers, how will you be able to talk tenants into agreeing to these unions?

Worst of all, housing associations are just not able to build social housing in any volume. The knock-on effect is that councils must put families in expensive temporary accommodation instead. That's one of the biggest reasons why so many councils face bankruptcy. No one can be proud of the fact that more than 130,000 kids will spend Christmas in temporary accommodation.

Everyone has been participating in Black History Month with gusto. But what about Black Futures? Nottingham University found that *"black households are disproportionately placed out of area into temporary accommodation"*. That cruelty will hold kids back for years.

Maybe we hear the phrase a perfect storm a bit too often. But if this isn't one, I don't know what is.

We must put the finances of social housing on an even keel, or it will be a disaster for society. Patching up individual business plans and hiding behind cash is king stress testing isn't much help. The Levelling Up, Housing and Communities Committee is taking a long hard look into the finances and sustainability of the social housing sector. The latest VfM metrics from housing associations show the depth of the problem they are tussling with. We just can't go on with the current system. It's time for root and branch reform.



## Fast, practical guidance on everything to do with housing

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HQN provides high-quality advice, tailored support and training to housing associations, councils, ALMOs and other housing providers.

Find out more about HQN and our network membership by visiting [hqnetwork.co.uk](http://hqnetwork.co.uk) or call us on +44 (0)1904 557150.



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